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DEPARTMENT OF INSURANCE AND FINANCE
DIVISION OF FINANCE AND CORPORATE SECURITIES
SECURITIES SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCE
STATE OF OREGON

In the Matter of:) O-92-0052
)
SALOMON BROTHERS, INC.) STIPULATION FOR
) CONSENT ORDER
Respondent.)

WHEREAS, the Director of the Department of Insurance and Finance ("the Director" and "the Department") has conducted an investigation of the above-captioned matter pursuant to Oregon Revised Statute ("ORS") 59.245, and as a result of said investigation, it has been alleged as follows:

1. Salomon Brothers, Inc. (hereinafter "Salomon"), Seven World Trade Center, New York, New York 10048, is a corporation licensed as a broker-dealer in Oregon pursuant to ORS 59.165 et seq.;
2. Salomon is the subject of a final judgment of permanent injunction entered on May 20, 1992, by the United States District Court for the Southern District of New York in Securities and Exchange Commission v. Salomon Inc. and Salomon Brothers Inc., 92 Civ. 3691 (RPP) (SDNY) (hereinafter the "SEC Injunction"), and an Order Instituting Proceedings Pursuant to Section 25(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (hereinafter the "SEC Order") entered on the same day by the U.S. Securities and Exchange Commission (the "SEC"), Securities Exchange Act of 1934 Release No. 30721, with both the SEC Injunction and the SEC Order entered in connection with activities described in the Complaint in the SEC Injunction (hereinafter the "SEC Complaint") and the text of the

OREGON DEPARTMENT OF INSURANCE AND FINANCE
Corporate Securities Section
21 Labor and Industries Building
Salem OR 97310
(503) 378-4387

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1 SEC Order (collectively, hereinafter the "Treasury Auction Matter"); and
2 3. The SEC Injunction, the SEC Order and certain of the activities alleged
3 in the SEC Complaint in connection with the Treasury Auction Matter
4 constitute potential grounds for action against Salomon's broker-dealer
5 license pursuant to ORS 59.205 et seq.;

6 **WHEREAS**, said investigation was conducted as part of a multi-state
7 coordinated review of the Treasury Auction Matter;

8 **WHEREAS**, Salomon has cooperated with state officials conducting the
9 multi-state coordinated review by responding promptly and candidly to inquiries,
10 providing voluminous documentary evidence and other materials, and making its
11 personnel available for interview without restriction, thus expediting the
12 investigatory process and providing the states access to the relevant facts
13 relating to the Treasury Auction Matter;

14 **WHEREAS**, Salomon represents that it has terminated the employment of those
15 persons responsible for the alleged Treasury Auction Matter violations, and the
16 employment of its former Chairman of the Board, the President, and the Chief
17 Legal Officer was promptly terminated, and Salomon has installed an entirely new
18 slate of senior management and represents that it has communicated to all
19 Salomon employees the importance of adherence to strict standards of ethical
20 business conduct;

21 **WHEREAS**, Salomon has entered into a comprehensive settlement with the SEC
22 and other federal authorities, by which Salomon agreed to the entry of the SEC
23 Injunction, and the SEC Order in which the SEC censured Salomon for its actions
24 in connection with the Treasury Auction Matter and ordered it to submit a
25 written report to the SEC identifying its policies and procedures reasonably
26 designed to prevent recurrence of violations of the type alleged to have

1 occurred with respect to the Treasury Auction Matter; and

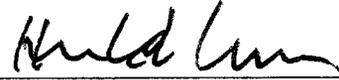
2 **WHEREAS**, in connection with the SEC settlements described above, Salomon
3 has established a \$100 million claims fund, administered under federal court
4 order, to provide compensatory damages to persons, if any, injured by Salomon's
5 conduct in the Treasury Action Matter;

6 **NOW, THEREFORE**, Salomon and the Director, wishing to obtain resolution of
7 this matter without resort to hearing, stipulate and agree as follows:

- 8 1. The Department has jurisdiction over Salomon and the subject matter of
9 this action;
- 10 2. By entering into this Stipulation, Salomon neither admits nor denies
11 that any of the allegations of any violative conduct contained herein
12 are true;
- 13 3. Salomon understands that it has the right to a hearing pursuant to ORS
14 59.295 with regard to the allegations set forth in this Stipulation,
15 that it has the right to be represented by counsel, and that by
16 entering into this Stipulation, it is waiving its right to hearing,
17 representation of counsel thereat, the right to present a defense by
18 oral or documentary evidence, to submit rebuttal evidence, and to
19 cross-examine witnesses, and to the findings required by ORS 183.470;
- 20 4. Within thirty (30) days of the entry of the Consent Order attached
21 hereto, Salomon will make a payment in the sum of \$50,000 to the State
22 of Oregon in resolution of this matter;
- 23 5. Within thirty (30) days of the entry of the Consent Order attached
24 hereto, Salomon will contribute the sum of \$2 million to a multi-state
25 investor protection trust fund to be created to provide funds for
26 projects promoting the cause of investor protection; and

1 6. Salomon agrees to the entry of the Consent Order attached hereto.

2 FOR RESPONDENT SALOMON BROTHERS, INC.

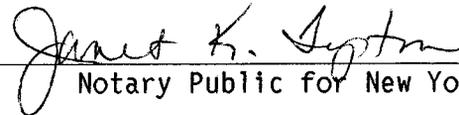
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4 

5 HAROLD O. LEVY
6 VICE PRESIDENT,
7 COUNSEL
8 SALOMON BROTHERS, INC.

9 CORPORATE ACKNOWLEDGMENT

10 There appeared before me this 6 day of January, 1993,
11 Harold O. Levy, who was first duly sworn on oath, and stated that he was and is
12 Vice President and Counsel of Salomon Brothers, Inc. and that he is authorized
13 and empowered to sign this Stipulation for Consent Order on behalf of Salomon
14 Brothers, Inc., and to bind Salomon Brothers, Inc. hereof.

15 JANET K. TIPTON
16 Notary Public, State of New York
17 No. 43-4859957
18 Qualified in Richmond County
19 Certificate Filed in New York County
20 Commission Expires June 23, 1994

21 

22 Notary Public for New York

23 Printed Name of Notary Public

24 My commission expires: _____

25
26 

27 GARY K. WEEKS
28 DIRECTOR
29 DEPARTMENT OF INSURANCE AND FINANCE

30 Dated this 22nd day of January, 1993, at Salem, Oregon.

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